

THE CANADIAN FEDERATION
of
AGRICULTURE
BOOTH BUILDING, OTTAWA, CANADA

SUBMISSION

to

The Prime Minister of Canada

and

Members of the Government

OTTAWA

PROGRESSIVE PRINTERS, 430 GLADSTONE AVE.
OTTAWA, CANADA



Mr. Prime Minister

and Members of the Government:

On this occasion, as a year ago, the Executive of the Canadian Federation of Agriculture meets the Government of Canada just after the annual meeting of our organization. It is proper at the outset to acknowledge the courtesy and attention with which representatives of Canadian agriculture have been received during the past year by members of the Government and Government Departments. It is our firm belief that continuing close contact between organized agriculture and the Government will be found essential, not only in the interests of agriculture, but also to enable agriculture to play its full part in the national effort.

Our organization recently expressed its regret that some features of Government agricultural policy for the coming crop year had been announced by the Minister of Trade and Commerce before there was opportunity to lay before the Government expressions of views which were being formulated at that time. From assurances, since received from the Minister of Trade and Commerce, it is evident that the occurrence in question was not due to any intention to ignore what our organization might have to put before the Government. The fact that this delegation is here today is accepted as further assurance that the Government will be prepared to give due and full consideration to the representations which we are submitting.

We are fully cognizant of the heavy burdens resting on your shoulders in the responsibilities involved in Canada's magnificent contribution towards winning the war. We realize that these responsibilities will continue to increase from day to day until the war is won. It is not with any intention of adding to the load you carry that we appear before you today, but rather with the hope that we can be of some assistance to you and your colleagues in outlining what we believe are some constructive measures affecting Canada's primary and greatest single industry.

The representations to be laid before the Government are based upon the fundamental fact that agriculture is an essential war industry, and that the part Canada is playing and must play in the allied war effort demands a very considerable contribution from agriculture. The farmers of this country have given ample evidence of their firm determination to contribute the maximum degree of strength to the war effort of this country. The

position of agriculture as an essential war industry has been acknowledged in Canada, as also has been the case in Great Britain and the United States, but the principle needs to be more fully developed in order to enable Canadian agriculture to carry out completely the tasks assigned to it.

We recognize the vital importance of the abundant food supply represented by the unprecedented production objectives set for 1943; and, while suggesting your Government policy be altered in certain respects, we assure you that Canadian farm people will continue unstintingly to provide the utmost of effort within their power to enable Canada to maintain her fine war record and fulfill in generous measure her responsibilities to other United Nations in the common cause. Pressing food shortages will become more embarrassing in our domestic market as the year advances, because the demands for food for war purposes are expanding continually. Canada should be building up reserves of food over our present needs in order that we, as one of the United Nations, may fulfill the pledge to the people of Europe that shattering of Nazi power will bring them all immediate food supply.

The Government of Canada, in collaboration with other allied Governments, should take all practicable steps to prevent speculation in foodstuffs. No element of speculation should come between the food producers of the world and those needy people in many countries for whose relief the provision of adequate food supplies will become a sacred responsibility.

Manpower

Very heavy calls have been made on our Canadian farmers since the opening of the world war. Helped by favourable climatic conditions, longer hours and harder work, our farmers, so far, have been able to meet the calls for more and more food products. Production goals for the coming season are greatly increased for the foods most needed by our soldiers, our civilian population, and the United Nations. It would be difficult to meet fully these demands under the most favourable conditions. It will be impossible to meet them if the heavy drain on the skilled manpower from the farms continues.

In the past two years Canadian agriculture has contributed to the armed forces and munitions plants over a quarter of a million men. If Canadian agriculture is to do its full part in the production of essential foods, it must have full recognition as an essential war industry. It is our considered opinion that the increasing shortage in farm labour cannot

be met by the unpaid labour of the farmer's wife and young children, nor can skilled labour so essential to present day farming be replaced by untrained help from the cities without a decline in the production of food. If our farmers are to produce those commodities essential to a total war effort greater care must be taken to see that agriculture has available to it the skilled manpower necessary for adequate production; the material and supplies required, and a price and revenue without which agriculture will not be able to compete with the demand for labour by other industries.

We recommend that to ensure an adequate supply of skilled farm help the allocation of the available manpower supply should be made without discrimination between agriculture and other essential war industries. For peak labour demands during seeding and harvest, we suggest that military authorities should release men in training in military service and that the steps necessary to this end should be taken in ample time to meet the situation.

Your Government is in possession of information concerning our war effort which in the national interest may not be made public. If there are vital reasons why a substantial number of men may have to be taken from our depleted farm labour ranks for the armed forces and the need is so urgent that it must be done, we must bow to necessity. There are no citizens in Canada more determined that the war must be won than our Canadian farmers. They realize that if the war is lost, all is lost. But as representatives of organized agriculture we feel it our duty to point out to you and your Government that when unprecedented demands for food are made and manpower is relatively limited, there comes a time when the nation can have an expanding food supply, or additional manpower for other war purposes, but cannot have both. We believe the nation is dangerously close to that point now.

Grain

1. We reaffirm our recommendation of last year that the initial price to be paid by The Canadian Wheat Board for wheat should not be less than \$1.00 per bushel basis No. 1 Northern in store at Lakehead or Vancouver.

2. We recommend that for the benefit of the producer all wheat sold for domestic consumption should realize not less than \$1.35 per bushel.

3. No reduction should be made in the total deliverable quantity of wheat in the coming year

below 280 million bushels. Farmers should be allowed to deliver grain of 1942 production on whatever quotas are applied during the coming crop year. No reduction which farmers make in wheat acreage in 1943 should operate to reduce delivery quotas to which they might otherwise be entitled. On these two points announcement already made by the Minister of Trade and Commerce corresponds with the views of the Federation.

4. We regret that the Government did not accede to the request of western farm organizations to continue this year the payment of farm storage on a basis corresponding to that of the previous year, and believe that such payments should be a continuing part of Government wheat policy.

5. In view of the hazards associated with flax production the guaranteed price for flax should be increased from \$2.25 to at least \$2.50. We feel that the objective, announced at the conference last December, of a transfer of one million acres of western land from wheat to flax should be maintained. Any flax production in excess of available crushing capacity could be stored in one-half the space which would be required for the product of a corresponding wheat acreage. Any surplus of flax seed production which might arise would simply mean a desirable transformation of a portion of its surplus into a more desirable form.

6. The Federation regrets that the Government has not acceded to the request of grain producers that provision be made for a system of advances against deliverable grain in store on the farm. Lack of such credit facilities have imposed undue hardships in certain sections and in anticipation of similar conditions occurring the coming crop year, we suggest that further consideration be given this recommendation.

7. We recommend that the proper authorities should undertake a comprehensive survey of the problems involved in soil conservation to the end that marginal land may be saved from becoming submarginal. In the opinion of the conference this is a national responsibility.

8. We recommend that a bonus of \$4.00 per acre be paid on land taken out of cultivation and seeded to grass and continued at \$2.00 per acre per year for two additional years provided this land remains in grass.

9. **Export Market for Oats and Barley:** We desire to stress the importance of the export market for oats and barley which has begun to develop and which during the crop year to come may easily reach

large proportions. The Federation urges the Government of Canada to take every possible step toward developing and expanding such trade, particularly by negotiations with the United States, designed to integrate the agricultural policies of the two countries. Every effort should be made to facilitate the issue of export permits and the movement of coarse grains to the United States markets. The present method of marketing the export portion of these grains within the provisions of the domestic ceiling prices does not permit the reflection of the full export market value to the producer. Further, in respect to malting barley selections, our price ceiling policy limits the premiums above the market price, which the malting companies are permitted to pay. We contend that there is no justification for such limitation of premiums which the Malting Companies are able to pay, particularly when the total price of the barley is such a very small factor in the value of the finished product.

We recommend that the Canadian Wheat Board be authorized to handle oats and barley on the same basis as wheat is now handled by that body, paying an initial price and issuing participation certificates, provided that initial prices should not be lower than the present ceiling prices now applying to oats and barley, which prices are consistent with prevailing prices for livestock and livestock products. Under Wheat Board administration full available premiums such as those obtaining for malting barley could easily be paid to the individual barley producers.

Until such a system is established and unless initial prices on the suggested basis are provided, the present ceiling on prices for oats and barley should be removed in order to allow producers the full benefit of the demands from south of the border for our coarse grains. If at times such a policy should result in feed grain prices rising to levels which would make them unduly expensive to Canadian purchasers of feed grain, the Wartime Prices and Trade Board should make such adjustment to the purchasers in Canada of these grains as may be required by the situation and in accord with other adjustments which that Board has been accustomed to make.

Notwithstanding the above it should be recognized that the feed situation in Eastern Canada will need continuous careful attention and may require emergent action from time to time, particularly with respect to transportation facilities.

Livestock

Fundamental facts of the livestock situation are that further expansion of production is required to meet wartime needs, and that the foundation for such expansion has been laid by abundant production of feed grains.

We stress again the need, brought to the Government's attention a year ago, for a guarantee of prices for livestock and livestock products, which should be for the duration of the war and for two years thereafter. This step is necessary to remove the fear of price collapse which now prevents many farmers from increasing the scale of their present operations or makes them hesitate to continue such operations on the present scale. Only by such means will it be possible to achieve the full production of which Canada is capable, even under present conditions of labour shortage, nor will increases on some farms offset the reductions which are inevitable on others.

We reaffirm our previous recommendation that there should be established a Board of Livestock Commissioners charged with the responsibility of administering the Livestock and Livestock Products Acts and orders and regulations in connection therewith and also that adequate representation of organized producers should be appointed to such a Board. This request was specifically dealt with by Livestock Associations since we submitted this proposal last year and they and those attending our annual meeting again endorsed the request.

We ask that the Dominion Government arrange resumption of operations of the Wartime Food Corporation in line with the operations of that body during the period July 1 to August 18, 1942, so that producers of beef cattle may receive prices for their livestock reasonably related to prices on markets in the United States; from the benefits of these prices they are currently excluded by present Government control of cattle movements as a part of wartime policy. When that method of operation of the Wartime Food Corporation was discontinued, it meant that the Government transferred from itself to beef cattle producers the cost of subsidizing consumers in order to keep down the cost of living.

Dairying

A satisfactory price for dairy products sufficient to induce production is necessary. The price control policy, mitigated by subsidizing on a very piecemeal basis, has created uncertainty and anxiety with

regard to the future. Assurances should be given that subsidies when given will continue for a reasonable time to give stability to the industry.

The price of concentrated milk has been considerably below that paid last winter and has caused dissatisfaction and a tendency to lower production. The present price policy for payment on cream for butter is not satisfactory and will, we believe, not produce the necessary volume. It is the considered opinion of the dairy farmers of Canada that the price of butter-fat for butter should be at least 50 cents a pound.

Although the Wartime Prices and Trade Board is endeavoring to assure consumers that the ceiling price of milk in any market has not been changed and that the two cent subsidy is being paid by the Government in order to stabilize the cost-of-living index, the explanation may not be clear to consumers and we recommend that it be made clearer, that the real price of milk is two cents above what the public is paying, the two cents being paid by the Government for the benefit of the consumer.

The difficulties of securing dairy and mechanical equipment for dairy production, the demand for which has been occasioned by the lack of manpower, and the demand for increased production, make it necessary that every effort be put forth by the Government to make available these supplies. There is a further demand for necessary concentrates and the adequate movement of feed grains to supply dairymen's needs.

Minister of Food and Food Board

A deputation representing the Food Industry of Canada, including producers, processors and distributors interviewed your Government on January 19, and submitted a memorandum recommending the establishment of a Food Ministry to take charge of the nation's complete food programme. It was proposed that under the Minister of Food there should be a Food Board through which all existing agencies for the production, processing, distribution and rationing of food would be effectively co-ordinated. Our Federation of Agriculture was represented in that deputation. The submission made at that time was completely endorsed by our annual meeting.

Income Tax

As the provisions of the income tax have been widened, so as to make many farmers subject to it, many difficulties have been disclosed in applying income tax equitably to farm income. We must com-

mend the action of the Government in setting up a special committee for the study of specific problems involved and feel that the work our representatives have been able to accomplish with that committee will prove to be of very considerable benefit. Continuing attention of administrative officials will be required to these agricultural problems. One fundamental principle requires legislation, the need for averaging agricultural income over a period of years for income tax purposes, which principle is quite essential to any fair application of the income tax because of the variability of farm income. We are aware that the Act was amended at the last session of Parliament to provide for setting off a loss incurred in 1942 against 1943 income. We recommend that the Act be amended to make that provision applicable to losses in 1941 as applicable to 1942, and establishing the general principle of averaging farm income over a period of more than two years. Due recognition is also required for the work of members of the farm family in producing farm income, and the impracticability of forcing farmers to collect and report income tax deductions from casual farm labour.

Western Debt Problems

A very serious state of affairs calling for immediate action by the Governments or by Parliament has arisen as a result of court decisions rendering invalid, or threatening the validity of a great deal of provincial legislation designed for the protection or relief of farm debts. A decision rendered a few days ago by the Privy Council with respect to an Alberta statute leaves a situation which makes Dominion action imperative. The Government has already had laid before it recommendations on debt legislation by a conference representative of Western Government and farm organizations, and we commend those representations to the attention of the Government.

Order 184 and Co-operatives

We direct the attention of the Government to Order No. 184 of the Wartime Prices and Trade Board. This Order which freezes business imposes a serious handicap upon the development of the co-operative movement. We have been informed that it was not the intention to bring co-operative enterprise under this Order but if that is the case, the Order is not being so interpreted by regional boards and the Order does not specifically exclude co-operative societies. These co-operative societies

are agencies by which farmers and others may combine to effect savings either in marketing their products or in purchasing supplies and we recommend that they be specifically excluded from the application of Order No. 184.

Social Security and National Health Insurance

The Federation of Agriculture gives its warmest approval to the decision of the Government to work out a comprehensive scheme of national social insurance "which will constitute a charter of social security for the whole of Canada."

In this connection we would refer to the principles for a plan of National Health Insurance prepared by the Canadian Federation of Agriculture, presented to Dr. Heagerty, Chairman of the National Committee of Health Insurance at Ottawa on October 19, 1942, and amplified in our recently issued booklet, "Health on the March," of which we are submitting copies. This plan was endorsed unanimously at our recent annual meeting.

Crop Insurance

The Federation repeats its recommendations of a year ago for an adequate plan of crop yield insurance.

Price Ceilings

As pointed out to your Government in our submission last year, when the Government decided to embark upon a price ceiling policy in Canada, it so happened that the base period which was selected was one in which agriculture was at a disadvantage, and the ceilings for some of our principal agricultural products were far too low. Some substantial price adjustments have been made, but agriculture has had to struggle with increased costs which have to a considerable extent offset the benefits of these adjustments. As we stated in our submission to the Government last year, "Canadian agriculture can contribute its full share to the national war effort only when prices of agricultural products bear a fair relation to the prices of industrial products the farmer has to buy." We therefore reaffirm our position with respect to parity prices as expressed in last year's submission.

Collaboration Between Government and Federation

We wish to extend to you and your Government our appreciation of the development of Government

policy which has made possible more direct contact between officials of the Federation and Government Ministers and administrators and a greater degree of collaboration between the Government and organized agriculture than ever before. We are gratified that the Federation has had representatives appointed to your Dairy Advisory Board, the Beef Cattle Advisory Board, the Fruits and Vegetable Board, the Income Tax Committee, the Reconstruction Committee and the National War Finance Committee. This recognition opens up an avenue of almost continuous contact on national affairs, an opportunity which agriculture has felt the need of for decades. There was never a time in the history of Canada when there was a greater need for the greatest possible co-operation between the Government and the people, and we appreciate the closer contact that Canadian farmers now have with their National Government.

Respectfully submitted,

CANADIAN FEDERATION OF AGRICULTURE

Hon. Dr. W. R. Motherwell, Honorary President

H. H. Hannam, President

J. H. Wesson, 1st Vice-President

Lew Hutchinson, 2nd Vice-President

G. G. Coote, Honorary Secretary

Executive Members:

E. J. Chambers W. J. Parker

R. J. Scott R. S. Law

J. A. Marion H. C. Bois

P. D. McArthur W. G. Oulton

L. F. Burrows

W. E. Haskins, Secretary-Treasurer

APPENDIX

Memorandum re the Administration of Price Control Policies on Food Products

To

The Right Honourable the Prime Minister
and Members of the Cabinet:

From

Representatives of the Food Industry of Canada:

Sirs:

Purpose of Deputation

The administration of price control policies on food products has provided the Wartime Prices and Trade Board with its most acute and troublesome problems. Failure to solve these problems reacts unfavorably throughout the entire Canadian food industry and prevents maximum attainable production. Because some food shortages are now a reality, because further shortages are certain in the near future, and because food supply is of such vital importance at this stage in our war programme, this delegation—representing food producers, processors and distributors of the nation—have been impelled to request this interview with your Government. The purpose is to register our deep concern regarding the seriousness of the situation and to urge that efforts be made at once to secure a better procedure for formulating and administering food policies. With this purpose in mind, we submit for your consideration one proposal designed to achieve that objective.

Reasons for Concern

Our reasons for making representations on this matter may be summarized as follows:

- (a) Setting objectives far above last year's all-time production records (aided to some extent by unusually favourable growing weather which cannot always be counted upon) Canada is calling upon her farmers this year for substantial increases—28% in hogs; 9% in cattle; 12% in sheep; 29% in eggs; 6% in total milk production; 11% in potatoes, etc.
- (b) During the past year we fell short on our British contracts for bacon and eggs within the prescribed periods, and at certain times experienced embarrassing shortages of meat and butter to satisfy domestic demands.
- (c) An increasing factor in the problem of supply is the decrease of hundreds of millions of pounds of imported foodstuffs and the disappearance from the market of many kinds of domestic foods. While some of these are so-called non-essentials, the bulk of them, nevertheless, form part of the nation's food supply and consequently must be replaced, thus placing an additional burden on the productive capacity of the country.
- (d) In addition to larger commitments for certain food products with Britain, increasing de-

mands for armed forces, ships' stores and other war services in Canada, and some demand from the United States that they would gladly have us fill if we could, there is the greater consumption of foodstuffs represented by the increased needs and purchasing power of Canadian civilians.

- (e) Agricultural production, processing and distribution must be planned long in advance of actual consumption. For instance, policies adopted today designed to encourage greater production of beef could not be of immediate help to consumers. Failure to recognize this and to take necessary action with respect thereto aggravates the problem of price control later.
- (f) It is important that subsidies, when necessary, be prompt and adequate. Subsidies when too little or too late result in shortages, which, in turn, result in greater pressure on the ceiling and bring about black markets. In fact, it could be argued that an inadequate or delayed subsidy is little better than no subsidy at all.
- (g) The United Nations have promised those now suffering under Nazi occupancy of their countries that, as our armed forces are able to liberate them, we will relieve the hunger now imposed upon them. Redemption of this pledge will require that Canada, as an important factor in food production, shall build up substantial reserves over our present demands.
- (h) While control of prices in time of war is extremely important, it is submitted that a method of price control which results in otherwise avoidable shortages must eventually defeat itself.

Importance of Food Supply

The fact that this deputation is being received today is evidence that the Government itself is aware of the importance of food supply. All phases of the food industry—production, processing and distribution—are important and these phases cannot, with any hope of success, be separated in either planning or administration.

Planning Correctives

In offering suggestions for a possible solution of problems which are inherent in time of war when the demand on the human and material resources of the nation is extremely severe, we do not profess to be able to offer any magic formula. However, the Government will recall that Great Britain had in the 1914-1918 war, and also has in this war, a Ministry of Food and will have noted that the United States recently concentrated in the hands of one member of the cabinet responsibility for the entire food programme of that country.

Ministry of Food

A Ministry of Food is, in fact, what we recommend in order that a co-ordinated plan of production and distribution may be attained. We respectfully submit, further, that authority divided between production and distribution would make any plan unworkable and it is, therefore imperative that responsibility and authority for a complete food programme be vested in one Ministry.

Organization of Ministry

In the organization of the Ministry of Food, there should be a Food Board and, through that Board, all existing agencies for the production, processing, distribution and rationing of food should be effectively co-ordinated. We suggest that this be a three-man Board—one of whom would be Chairman and two of whom would be administrators, one for production and the other for processing and distribution. The administrators should be technically qualified for their positions.

Necessity for Practical Men

Functioning under the Board there should be, if the maximum results are to be obtained, various assistant administrators who also have had experience in their respective fields of production, processing and distribution because production, processing and distribution of food are highly technical occupations.

Price Control

The foregoing outline of a plan for procuring maximum food production and most efficient distribution should assist in the control of prices. It is assumed that the Government would continue price ceiling control over foodstuffs as sound public policy and it is not suggested that control over consumer prices be transferred from the Wartime Prices and Trade Board. It is urged, therefore, that the authority of the Wartime Prices and Trade Board be confined to determining maximum consumer prices. If and when the Food Board and the Minister of Food decide that such prices will not permit adequate production, processing and equitable distribution, they should have authority to determine what bonuses or subsidies should be paid and to make and administer such regulations as are consistent therewith.

Conclusion

The imperative necessity of obtaining an abundant food supply is our dominant motive for the proposal that there should be one Cabinet Minister and a Food Board definitely charged with that responsibility and one of the most fundamental aspects of this particular plan is that it provides direct contact between the food industry and those charged with administering the nation's food policy.

All of which is respectfully submitted on behalf of the organizations represented by the following signatories:

NAME	REPRESENTING
H. H. Hannam	President, Canadian Federation of Agriculture.
W. G. Oulton	President, Maritime Federation of Agriculture.
F. W. Walsh	Maritime Federation of Agriculture.
J. F. Desmarais	President, Co-operative Federee de Quebec.
J. A. Marion	President, L'Union Catholique des Cultivateurs de la Province de Quebec.
Alex McKinney	President, Ontario Federation of Agriculture.
R. J. Scott	National Beef Advisory Committee.
P. D. McArthur	President, Dairy Farmers of Canada.
E. W. Brunsden	Secretary, Alberta Federation of Agriculture; also representing the Manitoba Federation of Agriculture, the Saskatchewan Co-operative Conference and the British Columbia Federation of Agriculture.
L. F. Burrows	Secretary, Canadian Horticultural Council.
Philip Baker	Sugar Beet Growers of Alberta and Manitoba.
W. E. Haskins	Secretary, Canadian Federation of Agriculture.
P. K. Heywood	President, Canadian Retail Federation.
Lou Squair	Canadian Retail Federation.
Hon. H. R. Renault	President, Retail Merchants Association of Canada.
Geo. S. Hougham	Secretary, Retail Merchants Association of Canada.
C. B. Shields	Canadian Council of Distribution
Geo. Curtis	President, Ontario Retail Grocers Association.
H. L. McNally	Canadian Wholesale Grocers Association
C. J. Sanders	Canadian Fruit Wholesalers Association.
A. H. Sainsbury	Food Brokers Association of Canada.
C. R. Drynan	Chairman, Ontario Jam Association.
J. Wardropper	President, Cocoa, Chocolate and Confectionery Industry.
J. A. Weese	President, The Canned Foods Association of Ontario.

Ottawa, January 19, 1943.

List of those attending meeting with The Prime Minister
and the Cabinet, for presentation of the Submission of
the Canadian Federation of Agriculture

February 9th, 1943

Mr. H. H. Hannam, President
Mr. J. H. Wesson, 1st Vice-President
Mr. Lew Hutchinson, 2nd Vice-President

British Columbia
Mr. E. J. Chambers

Saskatchewan
Mr. G. W. Robertson Mr. A. D. Young
 Mr. A. F. Sproule

Alberta
Mr. G. G. Coote

Manitoba
Mr. W. J. Parker Mr. W. A. MacLeod

Ontario
Mr. R. J. Scott

Quebec
Mr. J. A. Marion Mr. P. D. McArthur
 Mr. W. E. Haskins, Secretary



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HON. DR. W. R. MOTHERWELL, Abernethy, Sask.

Honorary Secretary:
G. G. COOTE, Nanton, Alta.

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